82D CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
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HOUSING ACT OF 1952

JULY 1, 1952.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SPENCE, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany S. 3066]

The Committee on Banking and Currency, to whom was referred the bill (S. 3066) to amend defense housing laws, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

1. Strike out section 12 of the bill.
2. Add the following two new sections at the end of the bill:

SEC. 12. Section 903 (c) of the National Housing Act, as amended, is hereby amended by adding at the end thereof the following new sentence: "Upon application of the mortgagee with the consent of the mortgagor of a mortgage for which a commitment to insure has been issued pursuant to section 203 of this Act covering property on which the construction of the dwellings thereon was begun prior to the enactment of this title and the determination of prevailing wages in the locality in accordance with section 212, the Commissioner is authorized, notwithstanding such beginning of construction, to convert such commitment to a commitment under section 908; any charges or fees paid to the Commissioner with respect to such insurance under section 203 shall be credited to charges or fees due the Commissioner with respect to such insurance under section 908; and the determination of prevailing wages in the locality for purposes of section 212 may be made by the Secretary of Labor at any time prior to the insurance under section 908: *Provided*, That such mortgage, or the mortgage covering the same property executed in substitution therefor, is otherwise eligible for insurance under section 908."

SEC. 13. Section 610 of the National Housing Act, as amended, is amended by adding at the end thereof the following new paragraph:

"The Commissioner is further authorized to insure or to make commitments to insure under section 608 of this title in accordance with the provisions of this section any mortgage executed in connection with the sale by a State or municipality, or an agency, instrumentality, or body politic of either, of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or body politic, for the occupancy of veterans of World War II, their families, and others: *Provided*, That

the principal obligation of any such mortgage does not exceed either 85 per centum of the appraised value of the mortgage property as determined by the Commissioner or $8,100 per family unit for such part of such property as may be attributable to dwelling use."

General Statement

Last year the Congress enacted the Defense Housing and Community Facilities and Services Act of 1951 which provided the legislative framework for assisting the provision of housing and community facilities and services required to meet the needs of in-migrant defense workers and military personnel in critical defense housing areas. The provisions of S. 3066 are designed principally to carry out effectively the objective of that act. For that purpose the bill would make necessary increases in authorizations and other changes in existing law. These increases would be very limited in terms of the existing urgent needs for housing and facilities in critical defense housing areas. However, your committee believes they are adequate to continue the programs involved until the Eighty-third Congress has an opportunity to review the need for further authorizations.

One of the principal problems dealt with by the bill is the lack of sufficient private financing for the defense housing programed under the Defense Housing and Community Facilities and Services Act of 1951. It is well recognized that there has been a general shortage of private mortgage money for housing. Also, there has been an apparent reluctance on the part of major sources of permanent mortgage funds to finance this housing in critical defense areas, even with the special and liberal FHA mortgage insurance aids provided in the act passed last year. Testimony at the hearings held by your committee on S. 3066 indicated that permanent mortgage funds would not be made available for needed defense housing unless lenders were able to obtain advance commitments by the Federal National Mortgage Association for the purchase of the permanent mortgage loans involved. This situation results apparently from an assumption by major sources of permanent mortgage funds that investment in the needed defense housing is less sound from the standpoint of long-term marketablity.

This situation is confirmed by recent actual experience with programed defense housing which shows that advance commitments are now essential to the construction of most of such housing. The 1951 act permitted advance commitments of up to $200,000,000 for this housing in view of the urgency of the defense housing need and the situation already existing in the private mortgage money market. The use of this commitment authority produced the bulk of the limited amount of defense housing on which construction has started. Construction has started on only about 20,000 of the approximately 84,000 units of defense housing already programed. Advance commitments under the 1951 act have covered about three-fourths of all the units under construction.

We are faced with the fact that if our needed defense housing is to be speedily provided by private builders there is no other available alternative to the use of FNMA advance commitments for this purpose. This housing is badly needed at defense plants and military installations. Much of it has already been delayed too long, and there does not appear to be any prospect of the mortgage market changing in sufficient time and to such an extent as to make an ade-

quate supply of mortgage funds available to meet defense needs promptly. The use of this additional commitment authority, in sufficient amount, will undoubtedly result in construction of most of the needed defense housing, as there is certainly no shortage of builders able and willing to undertake the construction if financing is available.

The increases in the FNMA authorizations to help meet this defense housing need and other provisions of the bill are explained in the section-by-section analysis set forth below. Most of these other provisions are also designed to assist defense housing. There is a need for additional amendments and insurance authorization to carry out the home-mortgage insurance operations of the Federal Housing Administration, particularly for defense housing in critical areas, military rental housing, and disaster housing. Further legislative authority and changes are also needed for housing and community facilities under title III of the Defense Housing and Community Facilities and Services Act of 1951; for Alaska defense housing loans; for the farm-housing program under title V of the Housing Act of 1949; and for housing in Guam.

Section by Section Analysis of the Bill as Reported

SHORT TITLE

Section 1.—The first section would merely provide for the short title of the bill, the "Housing Act of 1952".

FHA AUTHORIZATION

Section 2.—This section would provide additional FHA mortgage insurance authorization and permit the recapture of unused authorizations under some titles of the National Housing Act for use under other titles.

The Defense Housing and Community Facilities and Services Act of 1951 added section 217 to the National Housing Act authorizing an aggregate of $1½ billion of additional mortgage obligations to be insured under the new defense housing title (title IX) of that act, and under older titles of that act. Authority to release the $1½ billion additional FHA insurance authorization was vested in the President who could, within the total amount authorized, prescribe the amounts to be allocated to different titles of the act. All but $100,000,000 of this authority has been allocated.

Section 2 of the bill would amend section 217 to provide $400,000,000 of additional FHA insurance authorization. This additional authorization could be used only for future mortgages (insured by FHA after June 30, 1952) covering defense, military, and disaster housing.

Section 2 would also authorize the President to recapture existing insurance authorizations under existing titles of the National Housing Act where the full amount of such existing authorizations are not needed immediately, and to reallocate such recaptured amount to those titles where there is an immediate need for additional insurance authorization. To the extent that the President reduces the authorization for any one FHA program, he would be authorized to prescribe a corresponding increase in other FHA insurance programs.

Any amounts so allocated but unused could be reallocated to the original or another title. Thus, the President could allocate to title IX any unused amount of the present $1½ billion authorization provided in section 217 plus any unused parts of present authorizations provided in other titles.

Section 217, as it would be amended by section 2 of the bill, would continue to be inapplicable to the FHA insurance authorization for modernization and repair loans under section 2 of the National Housing Act. Also, as is now provided by section 217, no authorization under any section of title VI (relating to World War II war and veterans' housing) may be increased by the President beyond present statutory limits.

FNMA MORTGAGE PURCHASING AUTHORITY AND COMMITMENTS

Section 3.—This section would provide the FNMA advance commitment authority discussed in the general statement of this report and would provide the other changes in FNMA legislative authority contained in the bill. Although the increased authorizations would be limited to defense and disaster housing, other provisions of the section apply to other eligible mortgages. The general effect of these other provisions is restrictive upon the long-range operations of FNMA.

Subsection (*a*) (*1*).—Under section 301 of the National Housing Act, as amended, the FNMA is authorized to purchase Government-insured or guaranteed home mortgages if they are insured after "April 30, 1948," and meet certain other prescribed conditions. This subsection of section 3 would change that date to February 29, 1952, with respect to the purchase of mortgages other than "defense or disaster mortgages," which are defined as mortgages (1) on defense housing programed by the Housing and Home Finance Administrator in an area determined by the President or his designee to be a critical defense housing area, or (2) with respect to which the Federal Housing Commissioner has issued a commitment to insure pursuant to title VIII of the National Housing Act, or (3) covering housing intended to be made available primarily for families who are victims of a catastrophe which the President has determined to be a major disaster. Except for these defense or disaster mortgages, and except for mortgages for which purchase commitments have been made, this subsection would thus make ineligible for FNMA purchase any mortgages which were insured or guaranteed prior to March 1, 1952.

This subsection would also repeal the provision in section 301 that no deposit or fee required or charged by FNMA for the purchase of a mortgage shall exceed 1 percent of the original principal obligation of such mortgage. The FNMA would thus be permitted in appropriate cases to charge deposits or fees in excess of that amount. This authority is needed to provide for flexibility in setting fees or charges for non-defense-mortgage purchases whenever it may be necessary to take additional action to further prevent unnecessary use of the Government secondary market.

Subsection (*a*) (*2*).—The FNMA is restricted generally (by sec. 301 of the National Housing Act) from purchasing mortgages from one lender in excess of 50 percent of all mortgages made by that lender which are otherwise eligible for purchase by FNMA. In accordance with the act, this 50 percent is computed on the basis of mortgages

insured or guaranteed after April 30, 1948. To conserve the limited amounts which would be available to FNMA for over-the-counter purchase of nondefense mortgages, this subsection would change the base date to February 29, 1952.

Subsection (a) (3).—Certain mortgages insured under the National Housing Act and mortgages guaranteed under the Servicemen's Readjustment Act of 1944 are now expressly exempted by section 301 of the National Housing Act from the 50-percent limitation on FNMA purchases from any one lender. This subsection would also change section 301 so that exemptions from the 50-percent limitation would depend on whether the mortgages to be purchased are "defense or disaster mortgages" as defined above. (See explanation of subsection (a) (1). The defense or disaster mortgages would include those insured or guaranteed under the various sections of the National Housing Act or the Servicemen's Readjustment Act of 1944, but only if they cover programed defense housing, military housing, or housing for victims of a catastrophe which the President has determined to be a major disaster.

Subsection (a) (4).—Section 301 of the National Housing Act prohibits FNMA generally from entering into commitments to purchase mortgages which are not insured or guaranteed at the time of the commitment. However, this section was amended by the Congress to permit such commitments up to $252,000,000 outstanding at any one time if they related to defense or disaster mortgages as defined above. Subsection (a) (4) would increase by $900,000,000 the amount of commitments which could be outstanding with respect to defense and disaster mortgages, so that such total amount would be $1,152,000,000. No authority would be granted to enter into commitments to purchase other than defense or disaster mortgages, and the authority to enter into commitments with respect to defense and disaster mortgages would expire June 30, 1953. The use of advance commitments for this purpose would release the $362,000,000 uncommitted balance of FNMA authorization, presently set aside for defense and disaster mortgages, so that it would be available for regular over-the-counter purchase of nondefense VA and FHA mortgages.

Subsection (b).—The present purchasing authority of FNMA is $2,750,000,000. This subsection would amend section 302 of the National Housing Act to increase this purchasing authority by $900,000,000 making a total authority of $3,650,000,000. However, not more than the present authorization could be used for the purchase of mortgages other than defense or disaster mortgages.

AUTHORIZATION FOR DEFENSE COMMUNITY FACILITIES AND FEDERAL DEFENSE HOUSING

Section 4.—This section would amend section 313 of the Defense Housing and Community Facilities and Services Act of 1951 to increase the authorization for federally aided or provided defense community facilities and services in critical defense housing areas and the authorization for Federal defense housing in such areas.

Defense community facilities.—This section would increase the existing authorization for defense community facilities and services from $60,000,000 to $100,000,000—an increase of $40,000,000. Estimates on the basis of applications already filed for assistance and expected

to be filed were furnished to your committee showing a need for a total authorization of at least $160,000,000. However, in view of the time necessarily required in the development and processing of applications for this assistance in accordance with existing law and in view of the fact that $30,000,000 of the present authorization is still available, your committee believes that the $40,000,000 additional authorization in the bill is adequate for the present. This would provide sufficient authorization for a request to the Appropriations Committee early in the next session of the Congress for action on such appropriation as experience shows to be necessary. Your committee believes, however, that this additional authorization in the bill for community facilities represents the minimum amount which should be authorized at this time for Federal loans and grants to critical defense localities for such essential facilities as water and sewer lines, water and sewage-treatment plants, hospitals, streets, and fire-protection facilities. Water and sewer facilities including treatment plants predominate in this program. The aid is furnished only where the need is defense-caused and only where the locality would otherwise be unable to provide the facilities. Full use is made of existing facilities and the Congress has provided safeguards to preserve local control and operation. Unless this type of aid is furnished, defense activities will be hindered and defense housing construction delayed. The inability of local defense communities to provide such facilities is an obstacle to the provision of housing by private enterprise.

Federal defense housing.—This section of the bill would increase the existing authorization for Federal defense housing from $50,000,000 to $100,000,000—an increase of $50,000,000. Estimates, on the basis of field surveys in existing critical defense-housing areas and the number of such areas expected to be declared in the future, were furnished to your committee, showing a need for a total authorization of at least $350,000,000. However, your committee believes that the increase of $50,000,000 in the authorization is adequate at this time. The extent of the need can be reexamined in the next Congress.

On the other hand, your committee wishes to stress that this increase in the bill represents the minimum amount which can be presently authorized without seriously impairing housing construction urgently needed by defense plants and military installations. Very recent requests have been made by the Department of Defense for the priority allocation of more than 21,000 dwelling units out of the earliest available funds. These are needed to serve military installations only and do not represent the total needs at such installations, but merely those which the Department of Defense considers to be the most urgent. Housing is provided with funds appropriated under this authorization only where it is clear that there is a vital defense need, and only where the need is temporary or where private enterprise, after being given adequate opportunity to build, is unable to provide the housing even with the liberal Federal aids provided by law for private defense housing. The military activities to be served by this program include air bases, training camps, navy yards, arsenals, ordnance plants, ammunition depots, and ports of embarkation. The private defense industries include shipyards, aircraft manufacturing plants, railroad port facilities, power production, copper and cobalt mines and smelting facilities, and similar defense activities.

USE OF EXISTING FEDERALLY OWNED MASONRY HOUSING TO MEET DEFENSE NEEDS

Section 5.—This is a technical amendment to permit the Housing and Home Finance Administrator to transfer masonry temporary housing, built under the Lanham War Housing Act or similar acts, to meet temporary defense needs under the Defense Housing and Community Facilities and Services Act of 1951. Adequate authority in this regard exists with respect of such housing of frame construction. Section 5 of the bill would amend section 302 (b) of the 1951 act to permit "existing housing built or acquired by the United States under authority of other law" to be transferred for defense use under the act. A number of World War II temporary housing projects were of masonry construction, notwithstanding the temporary need, because of acute lumber shortages in particular localities during World War II.

EXTENSION OF REMOVAL DATE FOR TEMPORARY WORLD WAR II HOUSING

Section 6.—This section provides for a technical amendment to the Lanham Act (Public Law 849, 76th Cong., as amended) to permit the President to extend the December 31, 1952, date which is now prescribed in section 313 of that act for the removal of certain limited classes of temporary war and veterans' housing under the jurisdiction of the Housing Administrator. Authority has already been granted to extend this date with respect to the bulk of the temporary war and veterans' housing but apparently through inadvertence these limited classes of housing were omitted from that authority. As the law is now written, this housing must be removed by December 31, 1952, except where the Housing Administrator finds, after consultations with the local communities, that it is still needed. All such exceptions would have to be reexamined annually and reported to the Congress. The Congress has extended earlier removal dates from time to time, the December 31, 1952, date having been established by an amendment adopted in April 1950, several months before the outbreak of the Korean conflict. After the outbreak of the Korean conflict, in order to continue temporary housing in use for defense purposes, the Congress enacted section 611 of the Lanham Act, authorizing the President to extend a number of dates by which temporary housing must be vacated and either sold or removed. Section 6 of this bill would merely include the approaching December 31, 1952, deadline in the authority now contained in section 611.

About 35,000 housing units will be affected in the following categories:

1. Veterans' reuse housing not relinquished or transferred to local bodies;
2. Temporary housing relinquished or transferred to local bodies subject to the removal requirements of section 313; and
3. Certain miscellaneous housing units expressly excepted by section 604 from the requirements of title VI of the Lanham Act for vacating and removing temporary housing.

ALASKA HOUSING AUTHORIZATION

Section 7.—The Alaska Housing Act (Public Law 52, 81st Cong.) authorizes appropriations of $15,000,000 to the Housing and Home Finance Administrator for the purchase, on a revolving basis, of bonds of the Alaska Housing Authority to provide funds for housing construction in the Territory. The Alaska Housing Authority utilizes the funds in making loans to private residential builders or, as a last resort, may undertake direct construction. Section 7 of the bill would increase the amount of the authorization in the Alaska Housing Act to $20,000,000.

WAIVER OF FHA FEES ON CONVERSION OF APPLICATIONS FROM SECTION 608 TO SECTION 207

Section 8.—Under title VI of the National Housing Act, the title which provided special mortgage insurance aids for World War II housing and veterans' housing, a rental-housing mortgage may be insured under section 608 of the act only pursuant to a commitment to insure issued by the FHA on application filed on or before March 1, 1950. Some cases have arisen where the holders of such validly issued commitments have, with respect to the same project, made application to convert the section 608 commitment to insurance under section 207 of the act, which is the regular FHA rental housing mortgage insurance section. Technically, such a conversion of insurance with respect to the same project from section 608 to section 207 is regarded by the FHA as a new application for which the regular application fees must be paid, resulting in duplicate application fees for insurance on the same project. This amendment would merely permit the application fees already paid on account of an application for a section 608 project where the commitment has been issued by FHA to be credited toward the fees due for the section 207 application covering the same property or project. However, it is not intended that these provisions be construed to authorize or require any refunds of fees previously paid.

CANCELLATION OF HOUSING AGENCY NOTES TO TREASURY ON ACCOUNT OF LOSSES ON LOANS TRANSFERRED TO THE HOUSING AGENCY FROM RFC

Section 9.—Under Reorganization Plan No. 23 of 1950, a number of prefabricated housing loans made by the RFC were transferred to the Housing and Home Finance Agency. The related RFC notes to the Treasury were canceled and the Housing Administrator issued a substitute note for the principal amount of the transferred loans plus accrued interest. At the time of the transfer a number of the loans were in default and many were not fully covered by collateral, so that the Housing Administrator's note to the Treasury was in excess of the recovery value of the transferred loans. A book reserve of $7,777,104 for losses on account of the transferred loans was established at the time of the transfer but no reserve funds were actually transferred to the Housing Administrator. Moreover, unlike the RFC, the Housing Administrator had no accumulated net income from the prefabricated lending program with which to pay losses. The actual process of

foreclosing on or liquidating some of the loans indicates that the actual losses on account of the transferred loans will not exceed about $8,000,000.

Accordingly, section 9, which is in effect a bookkeeping authorization, would direct the Secretary of the Treasury to cancel the Housing Administrator's note or notes to the extent of such actual net losses on account of the transferred loans.

EXTENSION OF FEDERAL HOUSING LAWS TO GUAM

Section 10.—The organic act for Guam, approved August 1, 1950, had the effect of changing the status of the island from that of a possession of the United States under a naval governor to that of an unincorporated Territory with its own civilian government. Natives of Guam were made American citizens. However, many of the laws of the United States applicable to the States and other Territories are not applicable to Guam. To study this subject the President last year appointed a Commission on the Applicability of the Federal Laws to Guam, which rendered its report and recommendations on July 31, 1951 (H. Doc. No. 212). It recommended, among other things, that the National Housing Act and other Federal laws pertaining to housing be made applicable to Guam. Section 10 of this bill would carry out that recommendation.

Paragraph (a) of section 10 extends the provisions of the National Housing Act to Guam, thereby permitting the Federal Housing Administration, the Federal Savings and Loan Insurance Corporation, and the Federal National Mortgage Association to extend their programs to the Territory. Paragraph (a) would also permit the Federal Housing Commissioner to increase the statutory mortgage limits for FHA mortgage-insurance purposes by one-half in Guam in the same manner as such limits may now be increased in Alaska. This provision is in recognition of the high construction costs in Guam caused by the necessity of importing almost all construction materials and by the scarcity of skilled construction labor.

Paragraph (b) would amend the Home Owners' Loan Act of 1933, as amended, to permit Federal savings and loan associations to be organized and assisted in Guam.

Paragraph (c) would permit the Federal Home Loan Bank System to operate in Guam.

Paragraph (d) would extend to Guam title IV of the Defense Housing and Community Facilities and Services Act of 1951 (sites for isolated defense installations).

Paragraph (e) would extend to Guam the defense prefabricated loan provisions which were added to the Housing Act of 1948 by the Defense Housing and Community Facilities and Services Act of 1951.

FARM HOUSING

Section 11.—This section would amend title V of the Housing Act of 1949 (Public Law 171, 81st Cong.) to provide adequate authority for continuing through fiscal year 1954 the farm-housing assistance authorized in that title.

Title V, which is administered by the Farmers Home Administration of the Department of Agriculture, authorizes the Secretary of

Agriculture to extend financial assistance in the form of loans and grants to farm owners to enable them to construct, improve, or repair farm housing. Loans of up to 33 years' maturity which bear 4-percent interest may be made to farmers having adequate farms who are nevertheless unable to obtain private credit on terms which they can reasonably fulfill. Similar loans, supplemented by modest contributions during a 5-year period are also authorized where the farmer is unable to undertake to repay the loan in full. This form of aid is authorized only if the farm is potentially adequate—that is, capable of being improved to a point where it is self-sustaining—and if the necessary improvement program is actually undertaken. Finally, the title authorizes modest loans and grants to help farm families on very poor farms to undertake minor improvements or minimum repairs to farm dwellings where necessary to remove hazards to the health or safety of the occupants.

The authority granted by the present law to obtain loan funds from the Treasury was limited to $25,000,000 on and after July 1, 1949, an additional $50,000,000 on and after July 1, 1950, an additional $75,000,000 on and after July 1, 1951, and an additional $100,000,000 on and after July 1, 1952. The bill would provide authorization for an additional $100,000,000 available July 1, 1953.

Annual contribution commitments for housing on potentially adequate farms were authorized to be entered into on and after July 1, 1949, in sums aggregating not more than $500,000 per year (for 5 years) and additional commitments were authorized on and after July 1 of each of the years 1950, 1951, and 1952, respectively, which would require additional contributions of up to $1,000,000, $1,500,000, and $2,000,000 per annum, respectively. The bill would provide a similar additional authorization of $2,000,000 per annum on and after July 1, 1953.

Appropriations were also authorized for the loans and grants for improvements and repairs. Appropriations of $2,000,000 were authorized on and after July 1, 1949, and further amounts of $5,000,000, $8,000,000, and $10,000,000 on July 1 of each of the years 1950, 1951, and 1952, respectively. The bill would provide an additional authorization of $10,000,000 available July 1, 1953.

DELETION OF SECTION 12 OF BILL AS PASSED BY THE SENATE

Section 12 of the bill as passed by the Senate, which would be stricken out by committee amendment, would have amended section 5 (c) of the Home Owners' Loan Act of 1933, as amended, so as to authorize Federal savings and loan associations to purchase FHA and GI insured mortgages without regard to the present area requirements of law governing such purchases. Under existing law, members of the Federal Savings and Loan Insurance Corporation must obtain the prior approval of the Corporation before it can make any loans beyond 50 miles from its principal office. Subject to this provision of law applicable to insured members of the Federal Savings and Loan Insurance Corporation, section 5 (c) of the Home Owners' Loan Act provides that Federal savings and loan associations may invest up to 15 percent of their funds without regard to the 50-mile-area restriction. Your committee has considered section 12 of the bill and substitute provisions dealing with broadening the areas in which these associa-

tions might lend their funds. It is the opinion of your committee that before recommending legislation dealing with this matter, it should give more study to the matter than it has been able to up to the present time.

TRANSFER OF SECTION 203 COMMITMENTS TO SECTION 908

Section 12.—The committee amendment contained in the proposed new section 12 of the bill would add a provision to section 903 (c) of the National Housing Act, as amended, authorizing the Federal Housing Commissioner to convert commitments to insure mortgages under section 203 of the National Housing Act to commitments for mortgage insurance under section 908 of the act. Section 908 of the National Housing Act authorizes FHA mortgage insurance on rental housing projects programed for critical defense housing areas. The committtee amendment would require as a condition of eligibility for conversion that construction of the housing must have begun prior to September 1, 1951. It also would require that the original mortgage or the mortgage executed as a substitute must, except for the requirement concerning the start of construction, meet the eligibility requirements for insurance under section 908. It would also permit charges or fees paid with respect to the section 203 application to be credited to charges or fees due with respect to section 908.

SALE OF STATE-AIDED VETERANS' HOUSING

Section 13.—Section 610 of the National Housing Act, as amended, contains provisions which (among others) authorize the Federal Housing Administration to insure mortgages made to finance the sale of federally owned multi-unit-housing projects built under the Lanham War Housing Act and related acts. Under laws applicable to the disposal of federally owned war housing, rental housing projects which are not broken up for sale to individual owners may be sold to occupants and veterans organized to assume cooperative ownership or to investors who would continue to operate the projects as rental housing. Section 610 provides that the FHA-insured mortgages authorized by that section may have maturities not exceeding 25 years from the date of the FHA mortgage insurance and may have principal amounts not exceeding 90 percent of the appraised value of the mortgage property as determined by the FHA.

Section 13 would merely authorize similar FHA mortgage insurance to aid in financing the sale of multi-unit-housing projects by States or municipalities or their public agencies in cases where the housing is permanent housing which was constructed by the State or other public body primarily for the occupancy of veterans of World War II and their families. The bill provides that in the case of such sales the principal obligation of the mortgage may not exceed either 85 percent of the mortgage property as determined by the FHA or $8,100 per family dwelling unit. Mortgage maturities could not exceed 25 years from the date of the FHA insurance.

This section would thus extend to the sale of permanent, veterans' State- and municipal-owned housing substantially the same FHA mortgage insurance benefits as are extended to the sale of permanent federally owned war housing. In the case of all such sales of State- or

municipal-owned housing, it is reasonable to assume that State and local laws applicable from time to time to the sale of State and municipal veterans' projects will contain appropriate safeguards and preferences to assure that the reasonable interests of veterans and other occupants will be given adequate protection.

Your committee wishes to point out that the mortgage terms authorized by this section are patterned after those available in section 610 as now in force, the only important exception being that the maximum mortgage percentage under the bill would be 85 percent of FHA appraised value rather than 90 percent as is now authorized in the case of the sale of federally owned projects. This difference appears justified since in the case of the sale of federally owned projects the special mortgage insurance risk would result, in the event of an insurance claim, in leaving the Federal Government in substantially the same financial position as it occupied prior to the sale.

USE OF TEMPORARY HOUSING TO BE LIMITED

In considering the effect of S. 3066 upon future operations under the Defense Housing and Community Facilities and Services Act of 1951, your committee has been concerned about the use of temporary housing construction by the Federal Government, and wishes to set forth the views of the committee regarding types of housing construction by the Government under that act.

Title III of the Defense Housing and Community Facilities and Services Act of 1951 permits the provision both of permanent and temporary Federal defense housing. Where permanent housing is provided, the title requires that, where feasible, it shall consist of one- to four-family structures suitable for eventual separate sale. The title also requires that private enterprise be given a prior opportunity, during a period of not less than 90 days, to indicate its intention to construct the needed housing. Where it is necessary to provide housing in localities where there appears to be no need for the housing beyond the period during which it will serve defense personnel, then the law requires that—

> temporary housing which is of a mobile or portable character or which is otherwise constructed so as to be available for reuse at other locations shall be provided.

Your committee's report on the legislation (H. Rept. 795, 82d Cong.) contained the following statement of intention with respect to the provision of permanent and temporary housing:

> * * * Experience with temporary housing during and after the last war indicated clearly the desirability of providing permanent housing wherever practicable. In too many cases, housing of a temporary character provided during the last war to meet needs thought by everyone to be purely temporary is still greatly needed. This has caused many problems to the Federal Government and to the communities involved. Section 302 of the bill would provide that, where the need for housing appears of temporary duration, consideration shall be given to providing, where feasible, mobile or portable housing or housing otherwise constructed so that it could be moved for reuse elsewhere. Where temporary housing is constructed and there is possibility of continued need for housing after defense needs have been met, the committee is of the opinion that consideration should be given to so constructing such temporary housing that it may later be converted to acceptable permanent construction. Through maximum use of permanent and movable housing your committee feels that many problems will be avoided and there may be a maximum utilization of moneys, labor, and materials both during and after what could be a long period of increased defense activities.

The foregoing views of your committee are consistent with the final report, dated January 31, 1950, submitted by Congressman Brooks Hays, chairman of the subcommittee which made a study of the disposition of permanent and temporary Government-owned war housing.

The Housing Administrator, in his testimony on S. 3066, stated that the initial housing program under title III of the Defense Housing and Community Facilities and Services Act of 1951 was confined to temporary housing. He stated that the funds first made available, which were limited to $25 million, could meet only a fraction of the need and that accordingly it was decided to utilize the funds to provide the greatest possible measure of relief by providing the least expensive housing and concentrating on the most difficult situations. Thus $20 million was set aside to provide trailers and minimum portable dwellings for use at installations of the armed services where the housing need, as determined by the Secretary of Defense, was considered most pressing.

While your committee has no objection to the manner in which the initial funds were utilized, it is expected that the program as a whole will be a balanced program, in accordance with the intent set forth in the foregoing quotation from your committee's report on the 1951 act. That is to say, your committee expects—

(1) That permanent housing will be provided where the housing need in the community extends beyond the period of the defense housing need and that, in such case, private enterprise will (as required by the law) be given a prior opportunity to indicate its willingness to construct the housing;

(2) That even where the need for the housing at the particular location is temporary, good demountable housing will be provided which is capable of long-range use in other locations; and

(3) That the use of temporary portable housing which barely meets minimum space standards will be avoided except in rare instances, since such housing has a very short life and tends to lower our national housing standards.

Good demountable housing, capable of being used temporarily at one site and then moved to a new site where it can be used indefinitely, costs more to build but is more economical in the long run since it will be income-producing for much longer periods, is less expensive to maintain, and commands a better price on sale.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

NATIONAL HOUSING ACT, AS AMENDED

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TITLE I. HOUSING RENOVATION AND MODERNIZATION

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SEC. 9. The provisions of sections 2 and 8 shall be applicable in the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

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TITLE II. MORTGAGE INSURANCE

DEFINITIONS

SEC. 201. As used in section 203 of this title—

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(d) The term "State" includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, *Guam,* and the Virgin Islands.

* * * * * * *

RENTAL HOUSING INSURANCE

SEC. 207. (a) As used in this section—

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(7) The term "State" includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, *Guam,* and the Virgin Islands.

* * * * * * *

SEC. 214. If the Federal Housing Commissioner finds that, because of higher costs prevailing in the Territory of Alaska *or in Guam,* it is not feasible to construct dwellings on property located in Alaska *or in Guam* without sacrifice of sound standards of construction, design, or livability, within the limitations as to maximum *or maxima* mortgage amounts provided in this Act, the Commissioner may, by regulations or otherwise, prescribe, with respect to dollar amount, a higher maximum *or maxima* for the principal obligation of mortgages insured under this Act covering property located in Alaska *or in Guam,* in such amounts as he shall find necessary to compensate for such higher costs but not to exceed, in any event, the maximum *or maxima* otherwise applicable by more than one-half thereof. No mortgage with respect to a project or property in Alaska *or in Guam* shall be accepted for insurance under this Act unless the Commissioner finds that the project or property is an acceptable risk, giving consideration to the acute housing shortage in Alaska *or in Guam: Provided,* That any such mortgage may be insured or accepted for insurance without regard to any requirement in any other section of this Act that the Commissioner find the project or property to be economically sound or an acceptable risk. Notwithstanding any of the provisions of this Act or any other law, the Alaska Housing Authority *or the Government of Guam or any agency or instrumentality thereof* shall be eligible as mortgagor or mortgagee, as the case may be, for any of the purposes of mortgage insurance under the provisions of this Act. Upon application by the mortgagee, where the Alaska Housing Authority *or the Government of Guam or any agency or instrumentality thereof* is the mortgagor or mortgagee, for the insurance of a mortgage under any provisions of this Act, the Commissioner is authorized to insure the mortgage (including advances thereon where otherwise authorized), and to make commitments for the insuring of any such mortgages prior to the date of their execution or disbursement thereon, under such provisions (and this section) without regard to any requirement that the mortgagor shall be the owner and occupant of the property or shall have paid a prescribed amount on account of such property.

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GENERAL MORTGAGE INSURANCE AUTHORIZATION

[SEC. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages which may be insured under any title of this Act, such aggregate amount shall, with respect to any title of this Act (except title VI) be prescribed by the President, taking into consideration the needs of national defense and the effect of additional mortgage insurance authorizations upon conditions in the building industry and

upon the national economy: *Provided,* That the aggregate dollar amount of the mortgage insurance authorization prescribed by the President with respect to title IX of this Act plus the aggregate dollar amount of all increases in mortgage insurance authorizations under other titles of this Act prescribed by the President pursuant to authority contained in this section shall not exceed $1,500,000,000.]

SEC. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time) and on the aggregate amount of contingent liabilities which may be outstanding at any one time under insurance contracts, or commitments to insure, pursuant to any section or title of this Act, any such aggregate amount shall, with respect to any section or title of this Act (except section 2), be prescribed by the President from time to time taking into consideration the needs of national defense and the effect of additional insurance authorizations upon conditions in the building industry and upon the national economy: Provided, That the dollar amount of the insurance authorization prescribed by the President at any time with respect to any provision of title VI shall not be greater than authorized by provisions of that title: And provided further, That, at any time, the aggregate dollar amount of the mortgage insurance authorization prescribed by the President with respect to title IX of this Act, plus the aggregate dollar amount of all increases in insurance authorizations under other titles of this Act prescribed by the President pursuant to authority contained in this section, less the aggregate dollar amount of all decreases in insurance authorizations under this Act prescribed by the President pursuant to authority contained in this section shall not exceed $1,900,000,000: And provided further, That $400,000,000 of said sum shall be available only for the insurance of mortgages for which no insurance contract or commitment to insure under this Act was outstanding on June 30, 1952, and which mortgages (1) cover defense housing programmed by the Housing and Home Finance Agency in an area determined by the President or his designee to be a critical defense housing area, or (2) are insured under title VIII of this Act, or (3) cover housing intended to be made available primarily for families who are victims of a catastrophe which the President has determined to be a major disaster.

SEC. 218. In any case where an application for mortgage insurance under section 608 of this Act was received by the Federal Housing Commissioner on or before March 1, 1950, and a commitment to insure was issued by said Commissioner in accordance therewith any mortgagee who, prior to the expiration of such commitment, applied for insurance of a mortgage under section 207 of this Act with respect to the same property or project shall receive credit for all application fees paid in connection with the prior application: Provided, That nothing therein shall constitute a waiver of any requirements otherwise applicable to the insurance of mortgages under section 207 of this Act.

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TITLE III. FEDERAL NATIONAL MORTGAGE ASSOCIATION

CREATION AND POWERS OF THE FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 301. (a) The Commissioner is further authorized and empowered to provide for the establishment of a Federal National Mortgage Association (hereinafter referred to as the "Association") which shall be authorized, subject to such rules and regulations as may be prescribed by the Association—

(1) to purchase, service, or sell any mortgages, which are [insured after April 30, 1948, under title II, title VI, or title VIII, section 8 of title I, or title IX of this Act, or guaranteed after April 30, 1948, under section 501, or section 502, or section 505 (a) of the Servicemen's Readjustment Act of 1944, as amended: *Provided,* That no deposit or fee required or charged by the Association for the purchase of a mortgage hereunder shall exceed 1 per centum of the original principal obligation of such mortgage:] *insured under this Act, as amended, or insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended: Provided, That no such mortgage, except defense or disaster mortgages as defined in subparagraph (G) hereof, shall be purchased by the Association unless insured or guaranteed after February 29, 1952, or purchased pursuant to a commitment made by the Association: And provided further,* That—

* * * * * * *

(E) no mortgage shall be offered to the Association for purchase by any one mortgagee (1) unless such mortgage is secured by property used, or designed to be used, for residential purposes and (2) if the unpaid principal balance thereof, when added to the aggregate amount paid for all mortgages purchased by the

Association from such mortgagee [pursuant to authority contained herein, exceeds 50 per centum of the original principal amount of all mortgages made by such mortgagee] *after February 29, 1952, pursuant to authority contained herein, exceeds 50 per centum of the original principal amount of all mortgage loans made by such mortgagee that are insured or guaranteed after February 29, 1952*, which, except for this subparagraph (E), meet the requirements of this section: [*Provided*, That this clause (2) shall not apply to (nor shall any terms therein include) any mortgage which is (i) guaranteed after October 25, 1949, under section 501, or guaranteed after the effective date of the Housing Act of 1950 under section 502 of the Servicemen's Readjustment Act of 1944, as amended, and made for the construction or purchase of a family dwelling or dwellings in an original principal amount or amounts which does not exceed $10,000 per dwelling unit, or (ii) insured under section 803 of this Act:] *Provided, That this clause (2) shall not apply to (nor shall any terms therein include) any defense or disaster mortgages as defined in subparagraph (G);* and

* * * * * * *

(G) The Association after the effective date of this subparagraph may contract to purchase only those eligible mortgages which are guaranteed or insured at the time of the contract: *Provided:* That this subparagraph shall not apply to (i) commitments made pursuant to Public Law 243, Eighty-second Congress, or (ii) commitments made by the association on or after September 1, 1951, [which do not exceed $252,000,000 outstanding at any one time, if applications for such commitments were received by the association prior to December 28, 1951, or, in the case of title VIII mortgages, if the Federal Housing Commissioner issued his commitment to insure prior to December 31, 1951, but subsequent to December 27, 1951, and if such commitments of the association relate to] *and prior to July 1, 1953, which do not exceed $1,152,000,000 outstanding at any one time, if such commitments of the Association relate to defense or disaster morigages. As used in this title III, "defense or disaster mortgages" means* mortgages (1) covering defense housing programmed by the Housing and Home Finance Administrator in an area determined by the President or his designee to be a critical defense housing area, or (2) with respect to which the Federal Housing Commissioner has issued a commitment to insure pursuant to title VIII of this Act, as amended, or (3) covering housing intended to be made available primarily for families who are victims of a catastrophe which the President has determined to be a major disaster.

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(c) The Association created under this section shall have succession from the date of its organization unless it is dissolved by order of the Commissioner as hereinafter provided, or by Act of Congress, and shall have power—

* * * * * * *

(4) to conduct its business in any State of the United States, or in the District of Columbia, *Guam*, Alaska, Hawaii, Puerto Rico, or the Virgin Islands, and to have one or more offices in such State, or in the District of Columbia, *Guam*, Alaska, Hawaii, or Puerto Rico, one of which offices shall be designated at the time of organization as its principal office;

* * * * * * *

SEC. 302. The total amount of investments, loans, purchases, and commitments made by the Association shall not exceed [$2,750,000,000] *$3,650,000,000* outstanding at any one time. The Association is authorized to issue and have outstanding at any one time notes and other obligations in an aggregate amount sufficient to enable it to carry out its functions under this Act or any other provision of law: *Provided, That not more than $2,750,000,000 of such total amount outstanding at any one time shall relate to mortgages other than defense or disaster mortgages as defined in section 301 (a) (1) (G).*

* * * * * * *

INSURANCE OF ACCOUNTS AND ELIGIBILITY PROVISIONS

SEC. 403. (a) It shall be the duty of the Corporation to insure the accounts of all Federal savings and loan associations, and it may insure the accounts of building and loan, savings and loan, and homestead associations and cooperative banks organized and operated according to the laws of the State, District [or Territory] *Territory, or possession* in which they are chartered or organized.

* * * * * * *

TITLE VI. WAR HOUSING INSURANCE

SEC. 601. As used in this title—

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(d) The term "State" includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, *Guam*, and the Virgin Islands.

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TITLE VII. INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

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SEC. 713. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

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(q) "State" shall include the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

* * * * * * *

TITLE VIII. MILITARY HOUSING INSURANCE

SEC. 801. As used in this title—

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(f) The term "State" includes the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, *Guam*, and the Virgin Islands.

DEFENSE HOUSING AND COMMUNITY FACILITIES AND SERVICES ACT OF 1951

* * * * * * *

SEC. 302. * * *

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(b) Where it is necessary to provide housing under this title in locations where, in the determination of the Administrator, there appears to be no need for such housing beyond the period during which it is needed for housing persons engaged in national-defense activities, the provisions of section 102 hereof shall not be applicable and temporary housing which is of a mobile or portable character or which is otherwise constructed so as to be available for reuse at other locations *or existing housing built or acquired by the United States under authority of other law* shall be provided. All housing constructed pursuant to the authority contained in this title which is of a temporary character, as determined by the Administrator, shall be disposed of by the Administrator not later than the date, and subject to the conditions and requirements, hereafter prescribed by the Congress: *Provided*, That nothing in this sentence shall be construed as prohibiting the Administrator from removing any such housing by demolition or otherwise prior to the enactment of such legislation.

* * * * * * *

SEC. 313. There are hereby authorized to be appropriated—

(a) such sums, not exceeding [$60,000,000] *$100,000,000*, as may be necessary for carrying out the provisions and purposes of this title relating to community facilities and services in critical defense-housing areas; and

(b) such sums, not exceeding [$50,000,000] *$100,000,000*, as may be necessary for carrying out the provisions and purposes of this title relating to housing in critical defense-housing areas.

TITLE IV. PROVISION OF SITES FOR NECESSARY DEVELOPMENT IN CONNECTION WITH ISOLATED DEFENSE INSTALLATIONS

SEC. 401. Subject to the provisions and limitations of title I hereof and subject to the provisions and limitations of this title, upon a finding by the President that in connection with a defense installation (as defined by him) developed or to be developed in an isolated or relatively isolated area (1) housing or community facilities needed for such installation would not otherwise be provided when and where required or (2) there would otherwise be speculation or uneconomic use of

land resources which would impair the efficiency of defense activities at such installation, the Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is authorized to make general plans for the development of necessary housing and community facilities in connection with such defense installation; to acquire, by purchase, condemnation, or otherwise, the necessary improved or unimproved land or interests therein; to clear land; to install, construct, or reconstruct streets, utilities, and other site improvements essential to the preparation of the land for use in accordance with said general plans; and to dispose of such land or interests therein for use in accordance with such plans and subject to such terms and conditions as he shall deem advisable and in the public interest. For the purposes of this title, the Administrator may exercise the powers granted to him in title III for the purposes thereof: *Provided*, That no funds made available under this title shall be used for the erection of dwellings or other buildings, and funds representing the fair value, as determined by the Administrator, of any property acquired under this title and used as sites for dwellings or other buildings of facilities under title III shall be transferred from funds appropriated thereunder and made available for purposes of this title IV: *And provided further*, That the provisions of section 310 shall be applicable to site development work under this title. *This title shall be applicable in the several States, the District of Columbia, and the Territories and possessions of the United States.*

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HOUSING ACT OF 1948, AS AMENDED

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SEC. 102b. In the performance of, and with respect to, the functions, powers, and duties vested in him by Reorganization Plan 23 of 1950 and by section 102a hereof, the Housing and Home Finance Administrator shall, in addition to any powers, functions, privileges, and immunities otherwise vested in him—

(1) have the powers, functions, privileges, and immunities transferred to him by said Reorganization Plan and the same powers, functions and duties as set forth in section 402 of the Housing Act of 1950, except subsection (c) (2) thereof, with respect to loans authorized by title IV of said Act;

(2) take any and all actions determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with or realizing on loans thereunder.

Such powers, functions, and duties may be exercised in the several States, the District of Columbia, and the Territories and possessions of the United States.

AN ACT TO EXPEDITE THE PROVISION OF HOUSING IN CONNECTION WITH NATIONAL DEFENSE, AND FOR OTHER PURPOSES (THE LANHAM ACT)

* * * * * * *

SEC. 611. Notwithstanding any other provision of law, the President is authorized to extend, for such period or periods as he shall specify, the time within which any action is required or permitted to be taken by the Administrator or others under the provisions of this title *or section 313 of this Act* (or any contract entered into pursuant [to this title] *thereto*), upon a determination by him, after considering the needs of national defense and the effect of such extension upon the general housing situation and the national economy, that such extension is in the public interest.

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ALASKA HOUSING ACT

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SEC. 3. * * *

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(b) To obtain funds for the purpose of undertaking and administering projects or of making loans pursuant to any authority conferred by the legislature of the Territory of Alaska under subsection (a) of this section, the Alaska Housing Authority may, on and after the effective date of this Act, issue and have out-

standing at any one time notes or other obligations for purchase by the Housing and Home Finance Administrator in an amount not to exceed [$15,000,000] *$20,000,000* and the Housing and Home Finance Administrator is hereby authorized to purchase such notes or other obligations to the extent that funds are available therefor: *Provided*, That such notes and other obligations issued and outstanding for the purpose of making character loans to individuals or cooperatives shall not exceed $1,000,000. * * *

* * * * * * *

(d) There is hereby authorized to be appropriated to the Housing and Home Finance Administrator, out of any money in the Treasury not otherwise appropriated not to exceed [$15,000,000] *$20,000,000* for the purposes of this section. * * *

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HOME OWNERS' LOAN ACT OF 1933, AS AMENDED

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Federal Savings and Loan Associations

Sec. 5. * * *

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(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combination of homes and business property within fifty miles of their home office: *Provided*, That not more than $20,000 shall be loaned on the security of a first lien upon any one such property; except that not exceeding 15 per centum of the assets of such association may be loaned on other improved real estate without regard to said $20,000 limitation, and without regard to said fifty-mile limit, but secured by first lien thereon: *And provided further*, That any portion of the assets of such associations may be invested in obligations of the United States or the stock or bonds of a Federal Home Loan Bank: *And provided further*, That any such association which is converted from a State-chartered institution may continue to make loans in the territory in which it made loans while operating under State charter. *In addition to the loans and investments otherwise authorized, such associations may purchase, subject to all the provisions of this paragraph except the area restriction, loans secured by first liens on improved real estate which are insured under the provisions of the National Housing Act, as amended, or insured as provided in the Servicemen's Readjustment Act of 1944, as amended.*

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Sec. 7. The provisions of this Act shall apply to the continental United States, to the Territories of Alaska and Hawaii, and to Puerto Rico, *Guam*, and the Virgin Islands.

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THE FEDERAL HOME LOAN BANK ACT, AS AMENDED

Definitions

Sec. 2. As used in this Act—

(3) The term "State" includes the District of Columbia, *Guam*, Puerto Rico, the Virgin Islands of the United States, and the Territories of Alaska and Hawaii.

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Federal Home Loan Banks

Sec. 3. As soon as practicable the board shall divide the continental United States, Puerto Rico, the Virgin Islands, *Guam*, and the Territories of Alaska and Hawaii into not less than eight nor more than twelve districts. Such districts shall be apportioned with due regard to the convenience and customary course of business of the institutions eligible to and likely to subscribe for stock of a Federal Home Loan Bank to be formed under this Act, but no such district shall contain a fractional part of any State. The districts thus created may be readjusted and new districts may from time to time be created by the board, not to exceed twelve in all. Such districts shall be known as Federal Home Loan Bank districts and

may be designated by number. As soon as practicable the board shall establish, in each district, a Federal Home Loan Bank at such city as may be designated by the board. Its title shall include the name of the city at which it is established.

HOUSING ACT OF 1949, AS AMENDED

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LOAN FUNDS

SEC. 511. The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury in such sums as the Congress may from time to time determine to make loans under this title (other than loans under section 504 (b)) not in excess of $25,000,000 on and after July 1, 1949, an additional $50,000,000 on and after July 1, 1950, an additional $75,000,000 on and after July 1, 1951, [and] an additional $100,000,000 on and after July 1, 1952, *and an additional $100,000,000 on and after July 1, 1953.* The notes and obligations issued by the Secretary shall be secured by the obligations of borrowers and the Secretary's commitments to make contributions under this title and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued hereunder and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or obligations shall be treated as public-debt transactions of the United States.

CONTRIBUTIONS

SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized, on and after July 1, 1949, to make commitments for contributions aggregating not to exceed $500,000 per annum and to make additional commitments, on and after July 1 of each of the years 1950, 1951, [and] 1952, *and 1953*, respectively, which shall require additional contributions aggregating not more than $1,000,000, $1,500,000, *$2,000,000*, and $2,000,000 per annum, respectively.

SEC. 513. There is hereby authorized to be appropriated to the Secretary (a) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503, and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary; (b) an additional $2,000,000 for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) on and after July 1, 1949, which amount shall be increased by further amounts of $5,000,000, $8,000,000 [and] $10,000,000, *and $10,000,000* on July 1 of each of the years 1950, 1951, [and] 1952, *and 1953*, respectively; and (c) such further sums as may be necessary to enable the Secretary to carry out the provisions of this title.

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